



U.S. Department of Justice

*United States Attorney
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NEWS SUMMARY:

The United States Attorney's Office announced today that Babette E. Davis (DOB: 8/18/62), Milwaukee, WI, was sentenced on May 11, 2005 to 41 months imprisonment and ordered to pay \$61,745 in restitution to the Internal Revenue Service for her role in a scheme to obtain payment of false claims for income tax refunds.

Davis previously plead guilty to one count of filing a false claim for a federal tax refund for the year 1998. In her plea agreement she admitted to filing her false personal returns for both 1997 and 1998 based on altered W-2 forms which claimed inflated income and withholdings in order to get a higher refund.

As part of the sentencing hearing, a larger scheme was outlined in order to determine the amount of the false claims made and the tax loss to the government. Between 1997 and 2001, thirty two false claims were filed with the IRS totaling \$136,635. The IRS paid out \$61,745 of the false claims before the fraud was detected by the fraud detection center in Kansas City, Missouri.

Evidence presented at the sentencing hearing detailed that twenty five neighbors, relatives or friends were recruited by Davis and her friend, Toya M. Olds to participate in the scheme. These individuals were instructed to provide Davis with their W-2 forms. Davis then altered the legitimate W-2 forms to reflect inflated wage and withholding amounts. In addition to the fraudulent W-2 forms, Davis informed participants that they needed the names, birth dates, and social security numbers of two children to claim as dependents. If participants did not have legitimate dependents to claim, Davis provided them. All thirty two false returns claimed at least one dependent. The inflated wage amount, along with the dependents, made participants eligible for the Earned Income Credit, which typically increased the anticipated refund by \$3000.

Also brought out at sentencing was Davis' role in assisting participants to file their tax returns, sometimes even driving them to particular H & R Block locations. Davis charged a fee ranging from \$500, up to nearly half the amount of the anticipated return for her services.

Toya M. Olds (DOB: 4/14/76), was sentenced in September 2004 to 1 year incarceration for her role in the scheme after pleading guilty to one count of filing a false claim to the Internal Revenue Service for the year 2000. Olds admitted that Babette Davis was involved not only with the scheme to prepare her false W-2 form in 2000, but also for her fraudulent returns for 1997 and 1999.

The case was investigated by Brandon Bielke with the Internal Revenue Service, Criminal Investigation Division and was assigned to Assistant United States Attorney Lisa A. Wesley.

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For more information contact:

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For more information see attached IRS Fact Sheet